



GOVERNOR'S TASK FORCE ON TRANSPORTATION INFRASTRUCTURE INVESTMENT

Federal and State Context on Transportation Funding

Joung H. Lee

Policy Director

American Association of State Highway and Transportation Officials



FEDERAL GAS TAX HEADWIND: SIGNIFICANT LOSS OF PURCHASING POWER

Sample of Nominal Prices Relative to Federal Gas Tax, 1993 and 2010

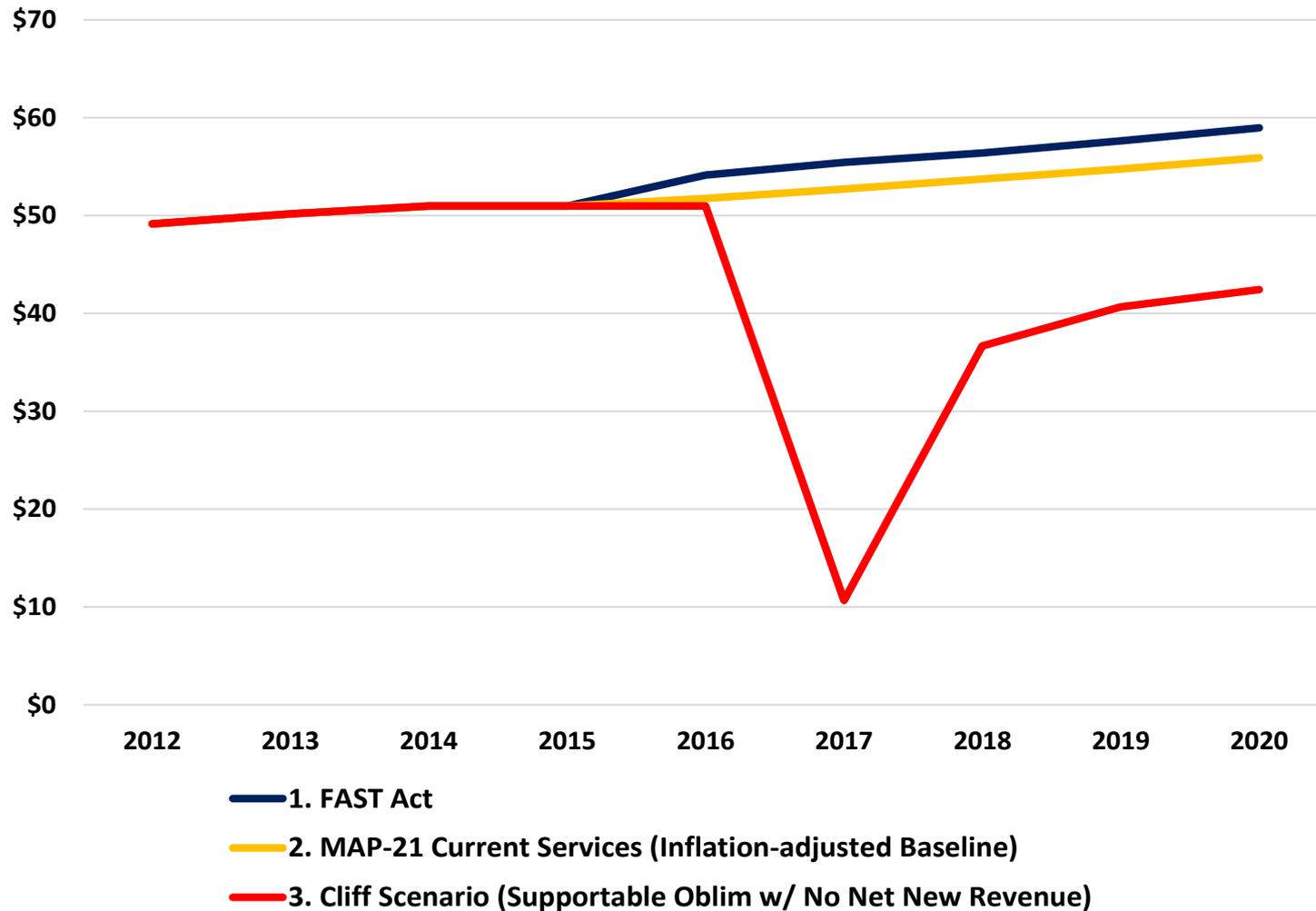
ITEM	UNIT/DESCRIPTION	1993	2010	PERCENT CHANGE
College Tuition	Average Tuition and Required Fees	\$ 3,517	\$ 9,136	160%
Gas	Per Gallon	\$ 1.12	\$ 2.73	144%
Movie Ticket	Average Ticket Price	\$ 4.14	\$ 7.89	91%
House	Median Price	\$ 126,500	\$ 221,800	75%
Bread	Per Pound	\$ 1.08	\$ 1.76	62%
Income	Median Household	\$ 31,272	\$ 49,167	57%
Stamp	One First-class Stamp	\$ 0.29	\$ 0.44	52%
Beef	Per Pound of Ground Beef	\$ 1.57	\$ 2.28	46%
Car	Average New Car	\$ 19,200	\$ 26,850	40%
Federal Gas Tax	Per Gallon	\$ 0.184	\$ 0.184	0%

Sources: U.S. Census Bureau, U.S. Department of Transportation, U.S. Postal Service, U.S. Department of Commerce, U.S. Department of Education, National Association of Theater Owners



COMPARISON OF ESTIMATED ANNUAL HIGHWAY AND TRANSIT OBLIGATIONS

In billions of dollars



FAST ACT FUNDING FOR LOUISIANA

FY 2017 Federal Highway Apportionments

National Highway Performance Program	Surface Transportation Block Grant Program	Highway Safety Improvement Program	Railway-Highway Crossings Program	Congestion Mitigation & Air Quality Improvement	Metropolitan Planning	National Highway Freight Program	Apportioned Total
429,665,212	214,197,564	42,975,527	4,174,554	11,655,077	4,368,155	19,592,854	726,628,943

FY 2016-2020 Estimated Federal Highway Apportionments

2015 Actual	2016	2017	2018	2019	2020	Total, 2016-2020	Average, 2016-2020
677,413,014	711,927,496	726,628,943	742,332,405	759,087,323	777,267,157	3,717,243,324	743,448,665

FY 2016-2020 Estimated Federal Transit Apportionments and Allocations

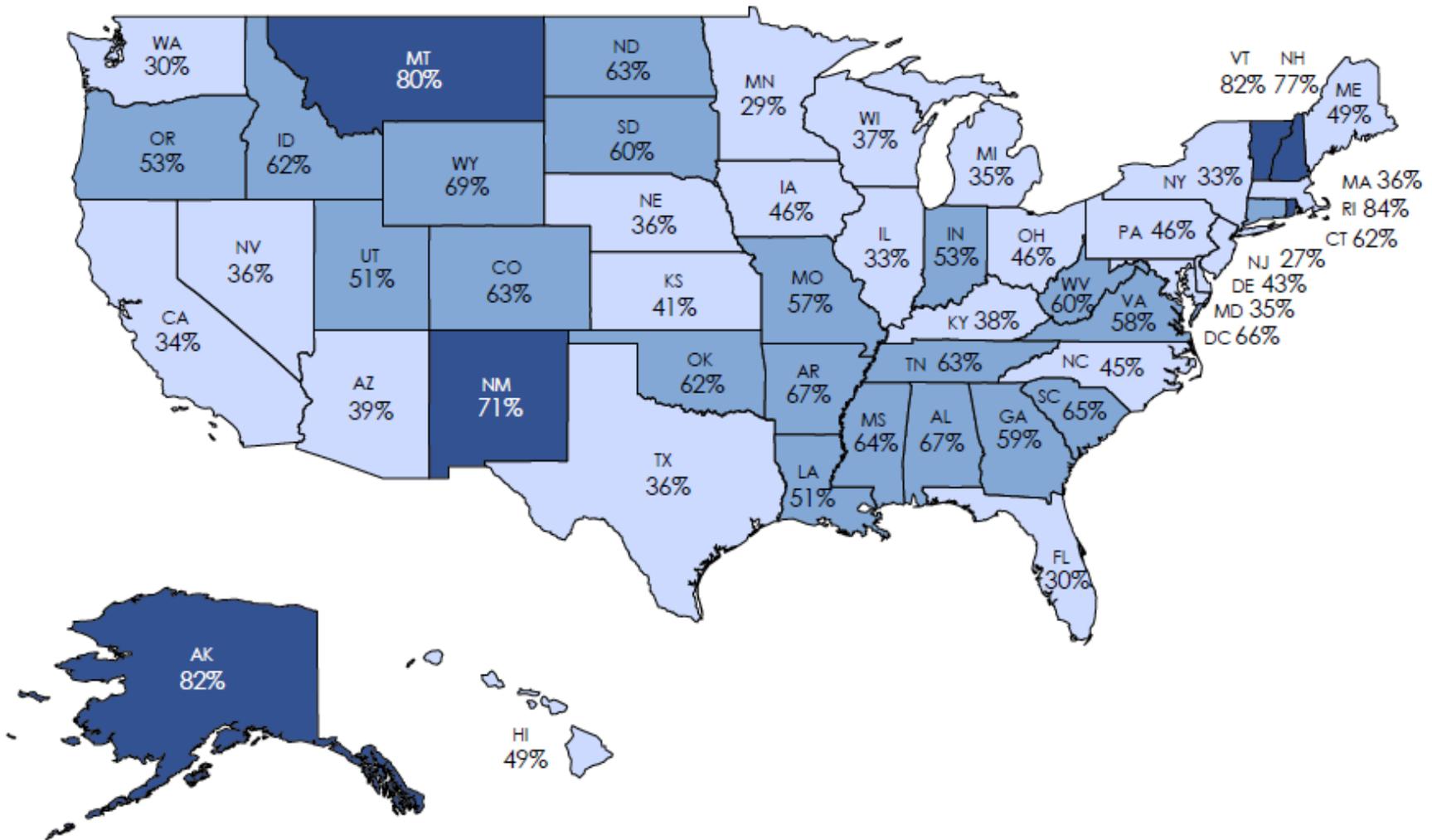
2015 Actual	2016	2017	2018	2019	2020	Total, 2016-2020	Average, 2016-2020
59,629,607	61,355,354	62,580,348	63,890,686	65,058,832	66,425,793	320,311,013	64,062,203



Federal Share of State Highway Capital Expenditures

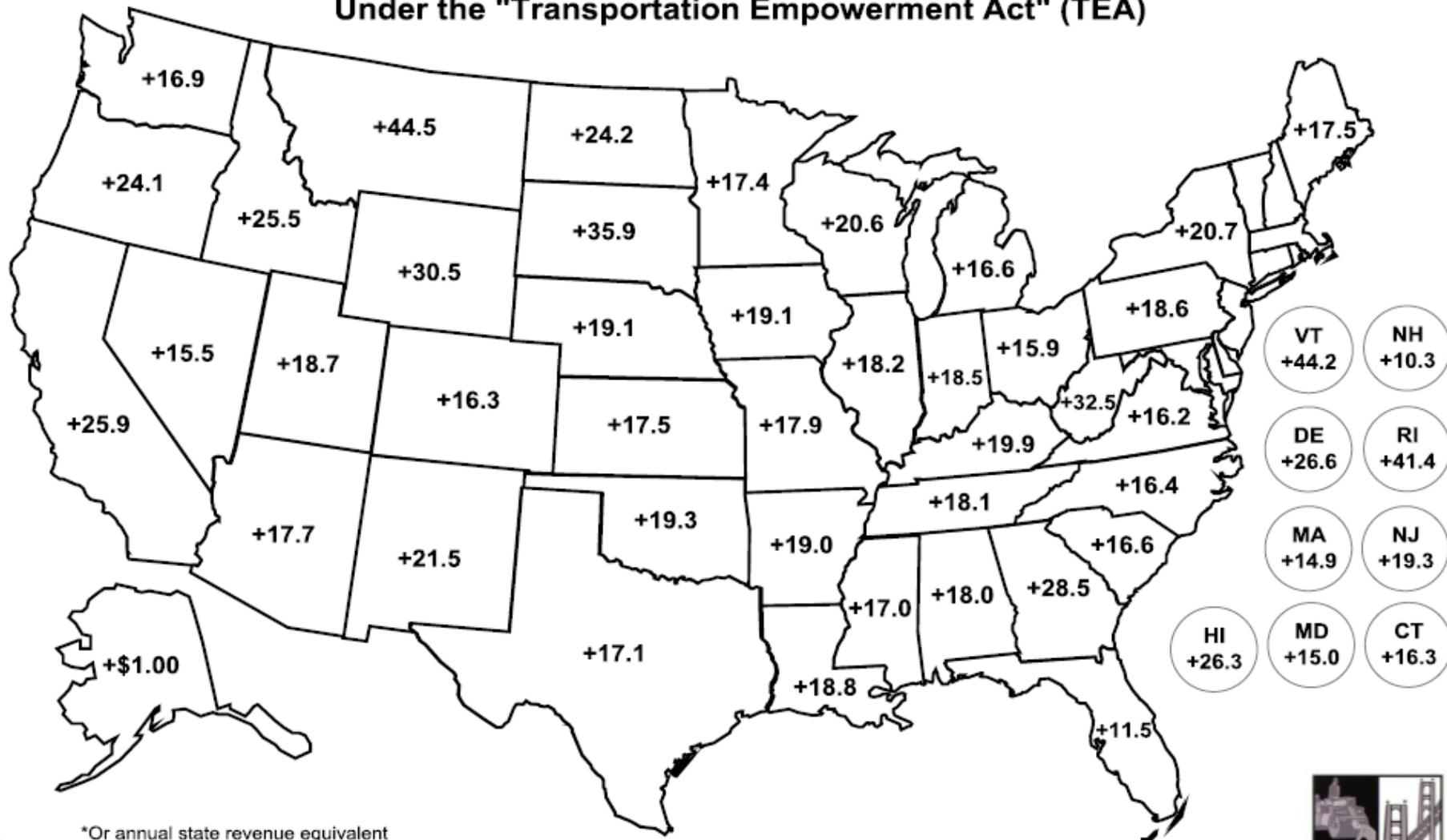
National Average: 43%

< 50% 50% - 70% 70% +



Source: FHWA Highway Statistics, 10-year average 2004-2013, Table HF-2 and unpublished Table FA-21. The percent is the ratio of reimbursements to states for capital outlays to total expenditures for capital outlays.

Minimum State Gas Tax Increase* Necessary to Maintain Current State Highway Program Funding Level Under the "Transportation Empowerment Act" (TEA)



*Or annual state revenue equivalent

The "Transportation Empowerment Act" would cut the federal gas and diesel motor fuel tax which provides funding assistance to the states from 18.4 cents per gallon to 3.7 cents per gallon and 24.3 cents per gallon 5 cents per gallon, respectively, over five years. Nationally, on average, federal funds provide 52% of the annual capital investment made in highway and bridge improvements by state transportation departments.



Matrix of Illustrative Surface Transportation Revenue Options

Existing Highway Trust Fund Revenue Mechanisms	Illustrative Rate or Percentage Increase	Definition of Mechanism/Increase	\$ in Billions	
			Assumed 2014 Yield	Total Forecast Yield 2015–2020
Motor Fuel Tax—Diesel	15.0¢	¢/gal increase in current rate (approx. 10% increase in total rate)	\$6.54	\$41.79
Motor Fuel Tax—Gas	10.0¢	¢/gal increase in current rate (approx. 10% increase in total rate)	\$13.21	\$78.12
Heavy Vehicle Use Tax	50%	Increase in current revenues, structure not defined	\$0.55	\$3.42
Sales Tax—Trucks and Trailers	10%	Increase in current revenues, structure not defined	\$0.33	\$2.19
Tire Tax—Trucks	10%	Increase in current revenues, structure not defined	\$0.04	\$0.23
Potential Highway Trust Fund Revenue Mechanisms	Illustrative Rate or Percentage Increase	Definition of Mechanism/Increase	Assumed 2014 Yield*	Total Escalated Yield 2015–2020*
Container Tax	\$15.00	Dollar per TEU	\$0.66	\$4.26
Customs Revenues	5.0%	Increase in/reallocation of current revenues, structure not defined	\$1.80	\$11.66
Drivers License Surcharge	\$5.00	Dollar annually	\$1.08	\$6.98
Freight Bill—Truck Only	0.5%	Percent of gross freight revenues (primary shipments only)	\$3.07	\$19.90
Freight Bill—All Modes	0.5%	Percent of gross freight revenues (primary shipments only)	\$3.80	\$24.60
Freight Charge—Ton (Truck Only)	10.0¢	¢/ton of domestic shipments	\$1.17	\$7.54
Freight Charge—Ton (All Modes)	10.0¢	¢/ton of domestic shipments	\$1.44	\$9.29
Freight Charge—Ton-Mile (Truck Only)	0.10¢	¢/ton-mile of domestic shipments	\$1.41	\$9.15
Freight Charge—Ton-Mile (All Modes)	0.10¢	¢/ton-mile of domestic shipments	\$3.48	\$22.52
Harbor Maintenance Tax	25.0%	Increase in/reallocation of current revenues, structure not defined	\$0.43	\$2.79
Imported Oil Tax	\$2.50	Dollar/barrel	\$5.76	\$37.28
Income Tax—Business	1.0%	Increase in/reallocation of current revenues, structure not defined	\$2.79	\$18.06
Income Tax—Personal	0.5%	Increase in/reallocation of current revenues, structure not defined	\$6.70	\$43.36
Motor Fuel Tax Indexing to CPI—Diesel	–	¢/gal excise tax	–	\$5.22
Motor Fuel Tax Indexing to CPI—Gas	–	¢/gal excise tax	–	\$10.87

Matrix of Illustrative Surface Transportation Revenue Options

Potential Highway Trust Fund Revenue Mechanisms	Illustrative Rate or Percentage Increase	Definition of Mechanism/Increase	Assumed 2014 Yield*	Total Escalated Yield 2015–2020*
Oil, Gas, and Minerals Receipts	25.0%	Increase in/reallocation of current revenues, structure not defined	\$2.20	\$14.25
Registration Fee—Electric LDVs	\$100.00	Dollar annually	\$0.01	\$0.06
Registration Fee—Hybrid LDVs	\$50.00	Dollar annually	\$0.17	\$1.12
Registration Fee—Light Duty Vehicles	\$15.00	Dollar annually	\$3.57	\$23.11
Registration Fee—Trucks	\$150.00	Dollar annually	\$1.63	\$10.54
Registration Fee—All vehicles	\$20.00	Dollar annually	\$4.98	\$32.21
Sales Tax—Auto-related Parts & Services	1.0%	Percent of sales	\$2.32	\$15.04
Sales Tax—Bicycles	1.0%	Percent of sales	\$0.06	\$0.38
Sales Tax—Diesel	7.6%	Percent of sales (excl. excise taxes)	\$9.65	\$62.50
Sales Tax—Gas	5.6%	Percent of sales (excl. excise taxes)	\$24.05	\$155.66
Sales Tax—New Light Duty Vehicles	1.0%	Percent of sales	\$2.41	\$15.61
Sales Tax—New and Used Light Duty Vehicles	1.0%	Percent of sales	\$3.46	\$22.40
Tire Tax—Bicycles	\$2.50	Dollar per bicycle tire	\$0.08	\$0.53
Tire Tax—Light Duty Vehicles	1.0%	Of sales of LDV tires	\$0.33	\$2.12
Transit Passenger Miles Traveled Fee	1.5¢	¢/passenger mile traveled on all transit modes	\$0.84	\$5.45
Vehicle Miles Traveled Fee—Light Duty Vehicles	1.0¢	¢/LDV vehicle mile traveled on all roads	\$27.12	\$175.58
Vehicle Miles Traveled Fee—Trucks	4.0¢	¢/truck vehicle mile traveled on all roads	\$10.93	\$70.73
Vehicle Miles Traveled Fee—All Vehicles	–	¢/vehicle mile traveled on all roads	\$38.05	\$246.31

* Base annual yield escalated using CPI-U.

STATE REVENUE SOURCES FOR TRANSPORTATION

- **Fuel taxes** (all states + DC + PR); 7 index; largest single source of highway funds used by half the states
- **Sales taxes on fuel, or other taxes on distributors or suppliers** (15 states + PR)
- **Motor vehicle or rental car sales taxes** (29 states)
- **Vehicle registration, license or title fees** (48 states + PR)
- **Vehicle or truck weight fees** (37 states)
- **Tolls** (28 states + PR, plus non-state toll entities)
- **General funds** (35 states + DC; Vt. on occasion)
- **Interest income** (37 states + DC + PR)
- **Other** (40 states + DC + PR)

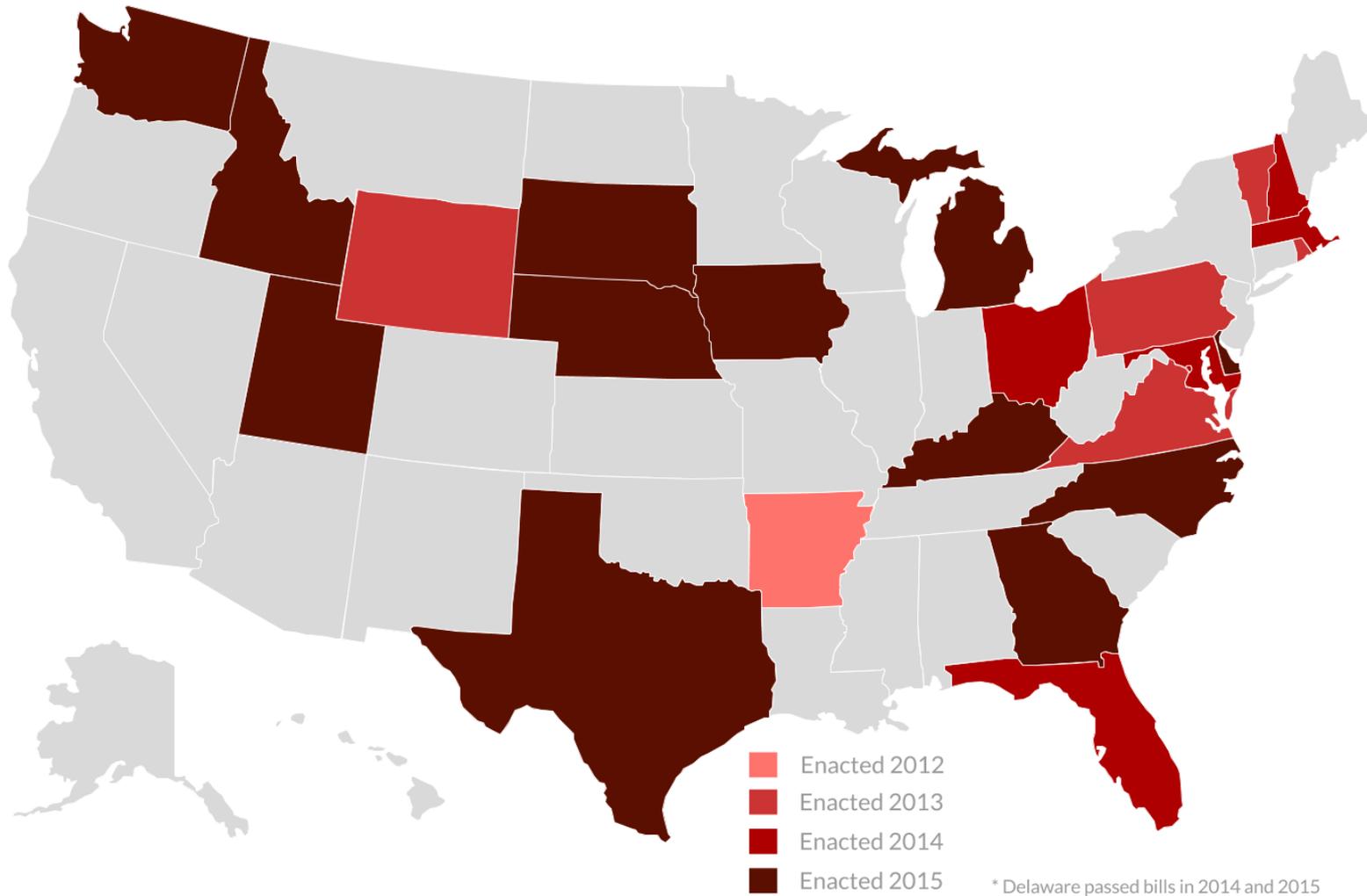


STATE TRANSPORTATION FINANCING MECHANISMS

- **General obligation or revenue bonds** (45 states + DC + PR)
- **GARVEE bonds** (33 states + DC + PR)
- **Build America Bonds (BABs)** (15 state)
- **Private Activity Bonds (PABs)** (6 states)
- **TIFIA federal credit assistance** (12 states + PR)
- **State infrastructure banks (SIBs)** (34 states + PR)
- **Public-private partnerships (PPPs or P3s)** (authorized in 33 states + PR)
- **Design-build** (authorized in 45 states + DC + PR)



Successful state plans to raise additional transportation revenue, 2012-



MAKING THE VALUE PROPOSITION



Question: How much does the typical driver pay in gas tax in a year?

Probably six thousand, seven thousand dollars a year

Average household pays \$46 in federal and state gas tax per month. Compare to:

- Electricity and gas: \$160
- Cell phone: \$161
- Cable and internet access: \$124



Joung H. Lee

Policy Director

American Association of State Highway and Transportation Officials

202-624-5818

jlee@ashto.org

